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ABSTRACT

A unit to acquaint secondary school students with the basics of life insurance is presented. The document contains student materials and a teacher's guide. Objectives are to evaluate the four basic types of life insurance (term, whole life, limited payment life, and endowment), compare prices of policies, recognize the difference between participating and non-participating insurance, discriminate between group and ordinary life insurance, and list basic considerations when deciding how much insurance should be purchased. The student booklet contains definitions, activities, and self-checks to reinforce taped lessons. Activities include examining a life insurance policy, surveying adults for the types of insurance they carry, making group presentations on the results of the survey, calculating savings on payments based on age, and analyzing insurance needs of persons described in case studies. The teacher's guide includes scripts for tapes, reproducible pre- and posttests with keys, and a sample insurance policy. (KC)

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LIFE INSURANCE:

WHO NEEDS IT?

teacher's guide

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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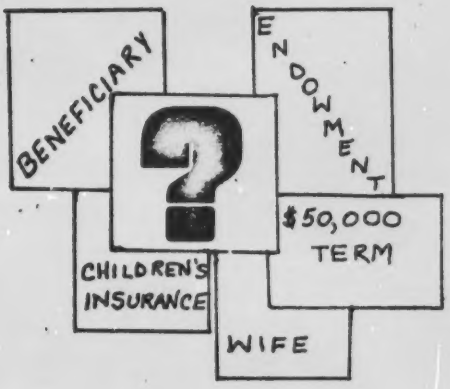

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TABLE OF CONTENTS

Introduction 1

Tape 1, side 1 Script 3

Tape 1, side 2 Script 5

Tape 2, Side 1 8

Keys

Activity 1 10

Activity 2 11

Activity 3 12

Activity 4 13

Activity 5 14

Activity 6 15

Activity 7 16

Activity 8 17

Activity 9 18

Activity 10 19

Activity 11 20

Activity 12 21-28

Pre-test 29-31

Post-test 32-35

Bibliography 36

Life Insurance: Who Needs It? is designed to acquaint the student with the basics of life insurance, the terms, cost and considerations that should be made when deciding what amount to purchase, what kind and on whom the insurance should be placed. Much of the explanation is given on tape, but supplementary materials are listed in the bibliography. A copy of an actual life insurance policy has been enclosed, as well as a glossary of terms taken from "Policies for Protection". These will be used by the student in several activities, and this also gives opportunities for quest activities for the more inquisitive student.

After completing the capsule, a student will be able to:

* evaluate the four basic types of life insurance (term, whole life, limited payment life, and endowment) in terms of your own basic needs and wants.

* compare prices of policies.

* recognize the difference between participating and nonparticipating insurance.

* discriminate between group and ordinary life insurance.

* list the basic considerations when deciding how much insurance should be purchased.

* explain why the major portion of a family's life insurance should be placed on the breadwinner.

The scripts for each of the tapes are included with this teacher's manual. You will also find keys to each of the activities and self-checks. These may or may not be made available for the student to check his own work

It is suggested that a grease pencil or other washable pen (such as those used for an overhead projector) be made available for the student to complete the first activity.

Tape 1, Side 1

Voice I: Yeah, this town won't seem the same with old Charlie gone--real shame too--him with a wife and two kids. I wonder how they'll get along.

Voice II: Did he have life insurance?

Voice I: I think so. I remember his telling me how he had to pay this monthly premium.

Voice II: That payment could have been for some other kind of insurance, home or car, for example. What makes you think it was for life insurance?

Voice I: Well, he said something about maybe having to borrow some of the cash value of his policy next month if he didn't get that raise.

Voice II: Good thing he didn't. That would have decreased the amount that his wife, Sarah, would have received. Now she will get the whole face value.

Voice I: Oh, he named Sarah as his beneficiary? I thought it might be Mary down the street. (ha! ha!)

Voice II: Of course, it's Sarah. She's the one who has those two kids to raise which is really going to put her in a financial bind.

Voice I: Well, life insurance is really important to have if you have someone dependin' on ya.

Voice II: It'd take a bundle, though, to buy enough to take care of the kids till they're on their own. Isn't life insurance expensive?

Voice I: Well, you can buy quite a bit of term insurance pretty reasonable. It won't build up any cash value, but you could probably make more putting that money in a savings account anyway.

Voice II: Trouble with me--when I put my money in a savings account, it won't stay put.

Voice I: Well, maybe part of your life insurance should be whole life then. That way you're forced to save a little.

Voice II: Seems like you're throwing out a lot of high-soundin' words--whole-life, term--life insurance must be very complicated.

Voice I: Not really. If you know the basics it ain't no trouble to make a sensible decision. You just gotta know what's what so you get what you want and not what's just going to earn the insurance salesman a fat commission.

Voice II: Well, how do I find out these basics.

Voice I: Mrs. Turner's developed this really neat learning capsule on life insurance. Let's see what we can learn from that.

Tape 1, Side 2

Voice I: Hi, Jo. How are you doing? Have you learned all you need to know about life insurance?

Voice II: Seems simple enough so far, but talk about a morbid subject--

Voice I: That's just the reason some people put off thinking about buying a life insurance policy--let alone talking over their needs with their family and deciding what to do.

Voice II: You know, I still don't know how I'd decide what kind of insurance to buy or from which company.

Voice I: Well, first you should understand the basic types of life insurance available. One type is term insurance. Term insurance provides protection for a specific length of time or term, such as one year, five years, or ten years. That's why it's called term insurance. If the policyholder kicks off during the term stated in the policy, his beneficiary is paid the face value. If he's still living at the end of the term, though, the policy expires and his protection ends.

Voice II: Either he expires or the policy does, huh? (Ha, Ha)

Voice I: Well, some term policies are renewable. That means the policy holder may have the insurance extended for one or more additional terms without another physical examination.

Voice II: Physical?? I can't stand doctors.

Voice I: It's almost always required when applying for life insurance. I guess you can see why. If someone had an incurable illness, he wouldn't be a very good risk.

Voice II: Risk?

Voice I: Yea, to the insurance company. They're trying to make a profit, you know.

Voice II: Aren't we all? The old free enterprise system at work--Right?

Voice I: Sure

Voice II: Say, when you renew this term insurance does the premium stay the same?

Voice I: No, each time the policy is renewed the premium increases. For example, a man 25 years of age can buy $10,000 five-year renewable term insurance from one company for an annual premium of $53.10. If he renews the policy at age 30 he will have to pay an annual premium of $54.10. At age 50 the term insurance will cost him $144 a year.

Voice II: Wow, it gets pretty expensive after a while.

Voice I: Yes, but remember, by the time he's 50 he won't need quite as much insurance and he'll be earning more than when he was 25. Your insurance needs are greatest when the children are small, and that's the time when you really can't afford to pay a lot for insurance.

That's why term insurance is really a pretty good deal--a lot of protection for not too much money. A lot of people buy term insurance to cover a temporary need such as a mortgage. Suppose a person obtains a $20,000 mortgage in order to pay for a new home. With each monthly payment on the mortgage, the debt becomes smaller. If the man should die, however, his family might not be able to complete the payments. To protect them until the mortgage is paid off, he can buy term insurance.

Voice II: O.K., but I wouldn't mind having some insurance that would give me--what's that called?--oh, yea, cash value.

Voice I: That would be whole life insurance, sometimes called straight life. It provides protection for your whole life and you pay the same premium every year.

Voice II: How much is the premium?

Voice I: It depends how old you are when you apply. The younger you are the lower the premium.

Voice II: What if I want protection for my whole life but don't want to pay premiums for that long?

Voice I: There's limited payment life. With a limited-payment life policy, premiums are paid for a stated number of years. For example, a 20-payment life policy means that the policy holder is required to pay premiums for only 20 years. Other limited payment policies are issued for 10, 15, 25, or 30 years. After the last premium is paid, the policy becomes paid up. It then remains in force for the remainder of the policy holder's life.

Fewer premiums are paid for limited-payment life than for straight life. Therefore, each premium has to be higher than is charged for the same amount of straight life insurance. Because the premiums are higher, limited payment life insurance builds cash values faster than straight life insurance.

Voice II: Tell me some more about this cash value.

Voice I: I already told you that a person who buys permanent insurance pays more than he would for the same amount of term insurance. This difference in premiums is placed in a fund that grows larger each year. The amount in this fund at any time is the cash value of the policy. A policy holder may exchange his policy for its cash value any time he wishes. Of course, he loses his protection if he does. You can also borrow the cash value of your insurance policy. Then the policy remains in force, but if the policy holder dies before the loan is repaid, the amount of the loan is deducted from the face value of the policy. You also have to pay interest on this loan but it is usually less than what a bank or credit union would charge.

Voice II: Are those the only two things you can do with your cash value?

Voice I: No, if for some reason you may decide to stop paying premiums, you could exchange your cash value for term insurance. This gives you protection equal to the face value of your policy, but only for a limited time.

Also some people might prefer to exchange the cash value of their insurance for a paid-up policy. This would provide them with a certain amount of insurance for life--how much would depend on the cash value of the original policy and the policy holder's age.

Voice II: Are limited payment and straight life the only type of policies that have cash values?

Voice I: No, endowment policies have the highest cash values of all. So, of course, the premiums for endowment are higher than they are for either straight or limited-payment life. Endowment insurance is actually an insured savings plan. Let's look at an example. Suppose a man buys $10,000 of endowment insurance. He agrees to pay premiums for 15 years. At the end of that time, the cash value of the policy is equal to its facte value. The policy is then said to mature, and the insurance expires. At that time the policy holder may take the cash value in a lump sum or as a monthly income. If the policy holder dies before completing payment for his endowment policy, the face value is paid to his beneficiary.

A parent might buy an endowment policy to save the money for a child's college education. If the parent dies before the policy matures, the insurance will provide the funds needed. In other words, the insurance company completes the savings program for him. Also, some people use endowment insurance to save for their retirement years.

Voice II: That gives me a little more to go on. I still don't know what company to buy from or really how to compare rates.

Voice I: We'll learn some of that in the next section of the capsule. Right now, go back to page 7 of your written instructions.

Tape 2, Side 1

Voice I: I'm glad I know for sure you're not an insurance salesman. My next question is 'Who needs life insurance?' and I'm afraid you're going to say ME!

Voice II: Not necessarily, not everybody needs life insurance. Remember, the main purpose of life insurance is to replace income lost to the family when the primary wage earner dies.

Voice I: Whew! That let's me out. I'm not even a wage earner let alone a primary wage earner. My dad brings home the bacon in our family.

Voice II: Then the major portion of your family's life insurance should be placed on his life.

Voice I: My mom works, too, but we just use her money for vacations and stuff. We'd be in a pickle without her, though. I guess my dad would have to hire a housekeeper.

Voice II: That's why some families prepare for this loss by purchasing some insurance on the parent who stays home and takes care of the house and small children.

Voice I: There's no reason at all to buy insurance on the children then.

Voice II: No, not really, except as maybe a start of a savings plan. The insurance salesman will tell you that the premiums for the child will be much less if purchased when the child is young, and that's true; but you have a lot of money wasted on payments during years when no insurance is needed. Put that insurance on the breadwinner. Most providers are woefully underinsured.

Voice I: What about single people?

Voice II: A single person may want just enough insurance to take care of final expenses or outstanding debts. Of course, if a parent or other relative is depending on him for support, he would need considerably more.

Voice I: That answers the 'Who needs it?' question. Now how do you decide how much?

Voice II: That question isn't quite so easy to answer. But I can tell you several things to consider when deciding how much life insurance to buy. First: What are the financial needs of the family--the number of children--do you expect they will go to college? The only people who do not need life insurance for this kind of protection are those who have investments that provide enough income to support their dependents.

Another consideration would be the mortgage payments and other debts, AND also coverage should be provided for final expenses such as medical care, funeral costs, and taxes.

Voice I: But I don't know any of these things now.

Voice II: Of course not, and even when you're ready to buy your first policy you won't know everything that lies in your future. Get what you need and can afford at the start, and then later when your conditions change, review your situation and make the revisions you need. As your income and standard of living increase, so should your insurance.

Voice I: Are financial needs for living expenses, debts, and final expenses the only considerations when deciding how much life insurance to purchase?

Voice II: No, you also need to list the other sources of income the survivors will have--such as Social Security benefits, income from investments, and so forth.

Voice I: Then subtract what the family may expect to receive after the breadwinner's death from the total expense of the family for what?--about 5 years or so to give the wife time to train for an occupation?

Voice II: Well, some experts have estimated that a family needs at least 60% of its income to meet it's financial security needs. AND you also have to consider what you can afford to pay for premiums. Your insurance agent can help you, but only YOU can know how much you can afford.

Oh, there's just one more factor to consider, and that's inflation.

Voice I: Oh, yea. That's when prices keep going up and up and up. After a number of years your insurance just wouldn't be worth as much as when you bought it, right?

Voice II: Right. No go back to page 13 of the capsule, and we'll put your knowledge and your imagination to work.

Name Key Date _____

ACTIVITY 1
Worksheet #1

Use an insurance policy that your teacher has to complete the questions below. If you have trouble finding the information asked for, leave it blank for the present.

1. What is the face amount of this policy? $50,000

2. Who is the beneficiary of the policy? Sarah Doe

3. What is the annual premium? $1,105 00

4. Does the policy have a cash value? yes

5. If it does, at what rate of interest will the company grant a loan?
5.67% per year

6. What will the cash value of the policy be when the policy holder is 65 years old? $20,400

7. May the insured change the beneficiary of the policy? yes

Name Key Date 11

ACTIVITY 2

Worksheet #2

Life Insurance, Who Needs It?

Write the letter of the correct definition in the space beside the terms on the left.

d 1. claim

j 2. group life insurance

a 3. permanent life insurance

h 4. term life insurance

e 5. face amount

f 6. cash value

l 7. agent

i 8. beneficiary

c 9. premium

b 10. policy

k 11. insured

g 12. policyholder

A. Any form of life insurance which builds up cash value.

B. A written agreement between an insurance company and a policyholder.

C. A payment for insurance protection.

D. A written request for the payment of insurance because of the death of the insured.

E. The amount stated on the face of the policy that will be paid in case of death.

F. The amount of money that a policyholder can get if he/she gives up the policy.

G. A person who is insured.

H. Insurance that gives protection for a limited period of time.

I. The person to whom an insurance policy is made payable.

J. Insurance protection provided to a number of people under 1 policy.

K. A policyholder

L. The sales & service representative of an insurance company.

M. A policy which is cancelled because premiums were not paid.

ACTIVITY 3

KEY

Students are to construct their own crossword puzzles using the following words:

claim

group life insurance

permanent life insurance

term life insurance

face amount

cash value

agent

beneficiary

premium

policy

insured

policyholder

The puzzle should indicate that the student has an understanding of the meanings of these vocabulary words.

Name Key Date _____

ACTIVITY 4

Worksheet #3

Life Insurance, Who Needs It?

SURVEY

Ask these questions of 5 adults who have purchased life insurance. Choose adults from at least two of the age categories listed below. Record the answers on the chart below the question. If you find some people who do not have life insurance at this time, find out why. Write the reasons on the back of this worksheet.

AGE CATEGORIES: 18-25, 26-45, 46-60, over 60

Person Surveyed	Age Category	What type of life insurance do you have?	Why did you buy life insurance?	Why did you buy this type of insurance?
#1				
#2				
#3				
#4				
#5				

answers will vary

Name Key Date 14

ACTIVITY 5

Life Insurance, Who Needs It?

Worksheet #4

DIRECTIONS: Use the results of your survey (Worksheet #3) to answer these questions.

****

1. Did you talk to any people who did not have life insurance? _____

2. If so, did they give a reason for not having life insurance? _____

3. What was the reason? _____

_____

4. Do you think that their reason for not having life insurance was a good one?

Why or why not? _____

_____

****

5. What was the main reason that the people you surveyed gave for buying life insurance? _____

_____

6. Look at the reasons that were given for buying the types of policies that they had. Based upon what you have learned about life insurance make a judgement about whether or not the person has bought the right type of policy for his/her needs. Tell why you feel as you do. Make a chart like the sample below to show your results.

answers will vary

Person Interviewed	Type	Reason	Agree/Disagree	Your Reason
#1	Term	Income low, $30,000 mortgage, No children	Agree	Term is cheaper. Provides lots of insurance for less.

ACTIVITY 6

KEY

The student is to work with several other students to prepare a chart which will summarize the results of their surveys from Activity 4. If students have not had experience with chart-making you may need to give them some instruction in this before they begin to work.

This could be a good activity for nonreaders or shy students. They should be given an opportunity to share their chart with the total group.

Name Key Date _____

ACTIVITY 7

Life Insurance, Who Needs It?

Worksheet #5

Use the chart on page 17 of the student capsule to answer these questions.

1. At age 25, what is the difference between the annual premium of

   a. term insurance and straight life? $82.30

   b. term insurance and 20-year endowment? $379.30

2. At age 40, what is the difference between the annual premium of

   a. term insurance and straight life? $148

   b. term insurance and 20-year endowment? $377

3. a. Straight life continues through age 99. If you lived that long, how many years would you pay insurance premiums if you bought a policy at age 20?

   79 years

   b. How much would you have paid for your policy by age 99? (annual premium X number of years)

   $10,428.00

   c. How does this compare with the face value of the policy?

   It is $428 more

ACTIVITY 8

KEY

Students are instructed in this activity to construct a bar graph using the information from the chart on page 17 of the student capsule. That chart is reproduced here for your use.

APPROXIMATE ANNUAL PREMIUM
FOR $10,000 LIFE INSURANCE

Purchased at age	10-year term annual	Straight life annual	20 year Endowment annual
20	$ 49.00	$132.00	$425.00
25	51.70	134.00	431.00
30	53.00	157.00	435.00
40	75.00	223.00	452.00
50	143.00	334.00	501.00

If students have not had experience making bar graphs, you may need to give them some instruction on doing this. Business education and math books should have some examples of bar graphs that you may show to students.

Name Key Date _____

Life Insurance,
Who Needs It?

ACTIVITY 9
Worksheet #6

Using the chart on page 18 , answer the questions in this problem. Be sure to show your work.

A 25-year old woman is trying to decide whether to pay for her 10-year term policy monthly or annually.

(1) On a $10,000 policy, how much will she save each year if she pays the premium annually?

$3.50

(2) How much would she save over the 10-year period?

$35.00

(3) In addition to the saving on premiums, how much does she save in check-writing charges and postage each year? (Assume it costs 10 cents for every check written and 15 cents postage for every payment mailed.)

$3.00

Name Key Date _____

ACTIVITY 10
Worksheet #7

Life Insurance,
Who Needs It?

Use the charts on pages 18 and 20 to answer these questions. Show your work.

1. How much cheaper can a 30 year old person purchase $10,000 of term insurance through a group plan than if he/she purchased it as ordinary insurance? Remember, the type of insurance bought individually is called ordinary insurance. $33.80

2. What is the difference in price when purchased at the age of 50?
$47

3. Which is cheaper, group or ordinary insurance? group

ACTIVITY 11

KEY

Students are to select two of the following statements and write paragraphs telling why they agree or disagree with the statements. Students are also told that they may tape a response to the statements. This option may be more appropriate for students who have reading and writing problems.

1. Group life insurance is usually a good buy.
2. Insurance premiums should always be paid monthly.
3. It's always best to buy from a participating company because they pay dividends.
4. The cost of insurance on a participating policy can only be accurately measured after a long period of time.

Name Case Study # 1 Date Key

ACTIVITY 12
Worksheet #8

Life Insurance,
Who Needs It?

Read each of the four case studies which are in the student capsule. Choose one to use in completing this worksheet. If information for a question is not given in the study, put N/K for not known.

Name Lester Age 26 yrs. Weight 235 lbs.

Address Anywhere, USA Spouse's Age 25 yrs. Weight 110 lbs.

Medical Problems: NONE

Marital Status: ___ single X married ___ separated
___ widowed ___ divorced

Occupation: auto mechanic

Is your occupation considered hazardous? no

Salary $ 10,000 Spouse's occupation Computer programmer

Working? Yes X No _____ Salary $14,500

If not working, would additional training be needed before getting a job?

Children (give ages) NONE

Other sources of income (stocks, bonds, savings accounts, etc.)

savings

Life Insurance, Who Needs It?

ACTIVITY 12, Worksheet #8 (CON'T)

How much and what kind of life insurance do you now have? (include group policies)

$5000 group life

Family's Monthly Expenses:

Housing	$ 450
Utilities & Household Operation	$ 175
Food	$ 300
Medical Care	$ 10
Transportation	$ 325
Incidentals (gifts, recreation, etc.)	$ NK
TOTAL	$ 1160

1. Should the person in the case study buy life insurance? yes

2. If not, why? _____

3. What kind of insurance should the person in the case study buy? _____
term insurance would meet present needs

4. Why did you choose that type of insurance? They are young with no children. Income is still fairly low. They could get a great deal of term insurance for a small amount of money.

Name Case Study #2 Date Key

ACTIVITY 12

Life Insurance, Who Needs It?

Worksheet #8

Read each of the four case studies which are in the student capsule. Choose one to use in completing this worksheet. If information for a question is not given in the study, put N/K for not known.

Name Arnold Age 39 yrs. Weight 196 lbs.

Address Anywhere, USA Spouse's Age 35 yrs. Weight 120 lbs.

Medical Problems: high blood pressure

Marital Status: ___single X married ___separated

___widowed ___divorced

Occupation: teacher

Is your occupation considered hazardous? no

Salary $14,600 Spouse's occupation asst. teacher

Working? Yes ✓ No ___ Salary $6,000

If not working, would additional training be needed before getting a job?

Children (give ages) Suzie, 15; Sarah, 13; Shawna, 11; Butch, 7

Other sources of income (stocks, bonds, savings accounts, etc.)

N/K

Life Insurance, Who Needs It?

ACTIVITY 12, Worksheet #8 (CON'T)

How much and what kind of life insurance do you now have? (include group policies)

term policy which will soon expire

Family's Monthly Expenses:

Housing	$ 250
Utilities & Household Operation	$ 190
Food	$ 500
Medical Care	$ 30
Transportation	$ 175
Incidentals (gifts, recreation, etc.)	$ 300
TOTAL	$ 1445

1. Should the person in the case study buy life insurance? yes

2. If not, why? _____

3. What kind of insurance should the person in the case study buy? straight life

4. Why did you choose that type of insurance? Arnold has an opportunity to convert his present term policy into straight life without an exam. At a later time he might be uninsurable or have to pay much higher premiums. Straight life will provide the kind of protection he wants.

Name Case Study # 3 Date Key

ACTIVITY 12

Life Insurance,
Who Needs It?

Worksheet #8

Read each of the four case studies which are in the student capsule. Choose one to use in completing this worksheet. If information for a question is not given in the study, put N/K for not known.

Name Mary Age 33 yrs. Weight 115 lbs.

Address Anywhere, USA Spouse's Age NONE yrs. Weight ___ lbs.

Medical Problems: NONE

Marital Status: ___ single ___ married ___ separated
X widowed ___ divorced

Occupation: taxi driver

Is your occupation considered hazardous? NO

Salary $5,500 Spouse's occupation N/A

Working? Yes ___ No X Salary N/A

If not working, would additional training be needed before getting a job?
N/A

Children (give ages) Donald, 6

Other sources of income (stocks, bonds, savings accounts, etc.)

Social Security $2700, investments $2000

Life Insurance, Who Needs It?

ACTIVITY 12, Worksheet #8 (CON'T)

How much and what kind of life insurance do you now have? (include group policies)

N/K

Family's Monthly Expenses:

Housing	$ 150
Utilities & Household Operation	$ 100
Food	$ 160
Medical Care	$ 30
Transportation	$ 200
Incidentals (gifts, recreation, etc.)	$ 235
TOTAL	$ 875

1. Should the person in the case study buy life insurance? yes

2. If not, why? _____

3. What kind of insurance should the person in the case study buy? straight life

4. Why did you choose that type of insurance? straight life would provide inexpensive permanent protection in the event of her death.

Name Case Study # 4 Date Key

ACTIVITY 12
Worksheet #8

Life Insurance,
Who Needs It?

Read each of the four case studies which are in the student capsule. Choose one to use in completing this worksheet. If information for a question is not given in the study, put N/K for not known.

Name Paul Age 20 yrs. Weight NK lbs.

Address Anywhere, USA Spouse's Age N/A yrs. Weight — lbs.

Medical Problems: None

Marital Status: X single ___married ___separated
___widowed ___divorced

Occupation: student

Is your occupation considered hazardous? no

Salary none Spouse's occupation —

Working? Yes ___ No X Salary —

If not working, would additional training be needed before getting a job?
—

Children (give ages) —

Other sources of income (stocks, bonds, savings accounts, etc.) —

Life Insurance, Who Needs It?

ACTIVITY 12, Worksheet #8 (CON'T)

How much and what kind of life insurance do you now have? (include group policies)

NK

Family's Monthly Expenses:

Housing	$ 100
Utilities & Household Operation	$ 30
Food	$ 150
Medical Care	$
Transportation	$ 75
Incidentals (gifts, recreation, etc.)	$ 150
TOTAL	$ 505

1. Should the person in the case study buy life insurance? No

2. If not, why? No one who would need income protection in the event of his death.

3. What kind of insurance should the person in the case study buy? _____

4. Why did you choose that type of insurance? _____

PRE-TEST

Life Insurance, Who Needs It?

Name Key Date _____

Circle the letter of the answer that best completes each statement.

1. A refund for overpaying a premium is called a

   a. premium

   (b.) dividend

   c. face value

   d. settlement option

2. If a parent wants to buy a policy to finance a college education for a young child, he/she should buy

   (a.) an endowment policy

   b. a term policy

   c. a whole life policy

   d. a limited payment life policy

3. Jon Jones wants to buy a $25,000 policy. Which kind of policy will let him pay smaller premiums?

   a. an endowment policy

   (b.) a term policy

   c. a whole life policy

   d. a limited payment life policy

Pre-Test (con't)

4. The amount of money that the insurance company will pay when the insured person dies is called the

   (a.) face value

   b. cash value

   c. beneficiary

   d. premium

5. Which type of policy does not build up cash value?

   (a.) term policy

   b. endowment policy

   c. whole life policy

   d. limited payment policy

6. In general, the cost of an insurance policy for a year will be less expensive if the insured pays the premium

   a. once a month

   (b.) once a year

   c. every six months

   d. quarterly

7. Which of the following factors would <u>not</u> be important in choosing a life insurance policy?

   a. age of insured

   b. number of children

   c. expenses

   (d.) education of insured

Life Insurance, Who Needs It?

Pre-Test (con't)

8. The person who gets the insurance money when the insured dies is

   a. the policyholder.

   b. a family member.

   (c.) the beneficiary.

   d. none of the above.

9. Some businesses offer life insurance policies to their employees at a cheaper price. This type of policy is called

   a. a limited payment policy.

   b. an ordinary life policy.

   (c.) a group life insurance policy.

   d. an endowment policy.

10. Most of a family's life insurance should be on the breadwinner of the family because

    a. the premiums will be cheaper

    b. the breadwinner pays the premiums

    c. insurance companies require it

    (d.) his/hers is the income that must be replaced when the insured dies

POST-TEST

Life Insurance, Who Needs It?

Name Key Date _____

Teacher _____ Grade _____

School _____

Circle the letter of the answer that best completes each statement.

1. Ronald Harold, age 26, wants to buy a policy on which the premiums will be as low as possible for the next ten years. What type of policy should he buy?

   (a.) term

   b. limited payment

   c. endowment

   d. whole life policy

2. Which of the following is not permanent insurance?

   a. whole life insurance

   b. straight life insurance

   c. limited payment life insurance

   (d.) endowment insurance

3. Randy Tobias, who works as a mechanic, wishes maximum protection for his invalid and widowed mother in case anything should happen to him. What type of policy best meets his needs?

   a. endowment insurance

   b. term insurance

   c. group life insurance

   (d.) straight life insurance

Life Insurance, Who Needs It?

Post-Test (con't)

4. Joe DeTarr is borrowing money with which to buy a home. He wishes insurance with the lowest dollar outlay for the premiums until the loan is paid. What type of insurance should he choose?

   a. limited payment insurance

   b. whole life insurance

   c. endowment insurance

   (d.) term life insurance

5. When Roxanne Jones took out a life insurance policy she was told that she could pay the premiums monthly, quarterly, semi-annually or annually. Which method would be most economical for her?

   a. monthly premiums are $14.56

   b. quarterly premiums are $42.86

   c. semi-annual premiums are $84.48

   (d.) annual premuims are $164.85

6. Which of the following people does <u>not</u> need life insurance ?

   a. Rebecca supports her daughter, Kim, and her aged mother.

   (b.) Vickie is 18 and going to school.

   c. Lawrence is 32; his wife works, they have four young children; and his mother lives with them.

   d. Sheila is divorced, has two children and words as a dental assistant.

Life Insurance, Who Needs It?

Post-Test (con't)

7. Rick is 29, Laura is 26. Rick works and Laura stays home and cares for their two children. On which family member(s) should most of the insurance be placed?

   (a.) Rick

   b. Laura

   c. Laura and the children

   d. Rick and the children

8. Bill is 40; Ellen is 38. They have four children, and both Bill and Ellen work full time. Which family member(s) need life insurance?

   a. Bill

   b. Ellen

   (c.) Bill and Ellen

   d. the children

Life Insurance, Who Needs It?

Post-Test (con't)

Write the letter of the definition in Column II on the line beside the term it matches in Column I.

E	9. term insurance	A. the owner of a policy
C	10. beneficiary	B. a refund of overpayment of premium
A	11. policyholder	C. a person who gets the insurance money when the insured dies
D	12. premium	D. The money paid to the insurance company for the insurance policy.
B	13. dividend	E. the type of insurance that provides protection only
G	14. cash value	F. the amount stated on the policy that will be paid in case of the death of of the insured
F	15. face value	G. the amount of money a policyholder can obtain in exchange for a permanent life insurance policy
H	16. participating insurance	H. life insurance that pays dividends
I	17. group life insurance	I. type of insurance plan often provided by a wage earner's company
		J. different methods of payment of life insurance benefits

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APPENDIX

This appendix contains copies of all worksheets and assessments. These copies may be used to make your own classroom quantity copies. To use, unstaple the sides of the teacher's guide and remove the worksheet and assessment pages. Restaple the remaining pages of the teacher's guide.

PRE-TEST

Life Insurance, Who Needs It?

Name _____ Date _____

Circle the letter of the answer that best completes each statement.

1. A refund for overpaying a premium is called a

   a. premium

   b. dividend

   c. face value

   d. settlement option

2. If a parent wants to buy a policy to finance a college education for a young child, he/she should buy

   a. an endowment policy

   b. a term policy

   c. a whole life policy

   d. a limited payment life policy

3. Jon Jones wants to buy a $25,000 policy. Which kind of policy will let him pay smaller premiums?

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Life Insurance, Who Needs It?

Pre-Test (con't)

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Life Insurance, Who Needs It?

Pre-Test (con't)

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   c. insurance companies require it

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Life Insurance, Who Needs It?

Name _____ Date _____

Teacher _____ Grade _____

School _____

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1. Ronald Harold, age 26, wants to buy a policy on which the premiums will be as low as possible for the next ten years. What type of policy should he buy?

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Life Insurance, Who Needs It?

Post-Test (con't)

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   c. endowment insurance

   d. term life insurance

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   d. Sheila is divorced, has two children and words as a dental assistant.

Life Insurance, Who Needs It?

Post-Test (con't)

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   b. Laura

   c. Laura and the children

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   b. Ellen

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   d. the children

Life Insurance, Who Needs It?

Post-Test (con't)

Write the letter of the definition in Column II on the line beside the term it matches in Column I.

_____ 9. term insurance	A. the owner of a policy
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_____11. policyholder	C. a person who gets the insurance money when the insured dies
_____12. premium	D. The money paid to the insurance company for the insurance policy.
_____13. dividend	E. the type of insurance that provides protection only
_____14. cash value	F. the amount stated on the policy that will be paid in case of the death of of the insured
_____15. face value	G. the amount of money a policyholder can obtain in exchange for a permanent life insurance policy
_____16. participating insurance	H. life insurance that pays dividends
_____17. group life insurance	I. type of insurance plan often provided by a wage earner's company
	J. different methods of payment of life insurance benefits

RECORD SHEET FOR LIFE INSURANCE: WHO NEEDS IT?

Name _____

Activities	Sections to be completed	Date completed	Comments
Pre-test score			
SECTION ONE			
Tape 1, side 1			
Activity 1 (Worksheet #1)			
Activity 2 (Matching Activity)			
Activity 3 (Crossword Puzzle)			
Tape 1, side 2			
Activity 4 (Survey)			
Activity 5 (Worksheet #4)			
Activity 6 (Chart)			
SECTION TWO			
Activity 7 (Worksheet #5)			
Activity 8 (Bar Graph)			
Activity 9 (Worksheet #6)			
Activity 10 (Worksheet #7)			
Activity 11 (Paragraphs)			

Activities	Sections to be completed	Date completed	Comments
Self Check (Section Two)			
SECTION THREE			
Tape 2, side 1			
pp. 371-377 (Consumer in American Society)			
Activity 12 (Case Study)			
Check Yourself (Section Three)			
Post-test Score			
Quest #1			
Quest #2			
Quest #3			
Quest #4			
Quest #5			
Quest #6			
Quest #7			

Name _____ Date _____

ACTIVITY 1
Worksheet #1

Use an insurance policy that your teacher has to complete the questions below. If you have trouble finding the information asked for, leave it blank for the present.

1. What is the face amount of this policy? _____

_____

2. Who is the beneficiary of the policy? _____

_____

3. What is the annual premium? _____

_____

4. Does the policy have a cash value? _____

5. If it does, at what rate of interest will the company grant a loan?

_____

6. What will the cash value of the policy be when the policy holder is 65 years old? _____

7. May the insured change the beneficiary of the policy? _____

Name _____ Date _____

ACTIVITY 2

Worksheet #2

Life Insurance, Who Needs It?

Write the letter of the correct definition in the space beside the terms on the left.

_____ 1. claim

_____ 2. group life insurance

_____ 3. permanent life insurance

_____ 4. term life insurance

_____ 5. face amount

_____ 6. cash value

_____ 7. agent

_____ 8. beneficiary

_____ 9. premium

_____ 10. policy

_____ 11. insured

_____ 12. policyholder

A. Any form of life insurance which builds up cash value.

B. A written agreement between an insurance company and a policyholder.

C. A payment for insurance protection.

D. A written request for the payment of insurance because of the death of the insured.

E. The amount stated on the face of the policy that will be paid in case of death.

F. The amount of money that a policyholder can get if he/she gives up the policy.

G. A person who is insured.

H. Insurance that gives protection for a limited period of time.

I. The person to whom an insurance policy is made payable.

J. Insurance protection provided to a number of people under 1 policy.

K. A policyholder

L. The sales & service representative of an insurance company.

M. A policy which is cancelled because premiums were not paid.

Name _____ Date _____

ACTIVITY 4

Worksheet #3

Life Insurance, Who Needs It?

SURVEY

Ask these questions of 5 adults who have purchased life insurance. Choose adults from at least two of the age categories listed below. Record the answers on the chart below the question. If you find some people who do not have life insurance at this time, find out why. Write the reasons on the back of this worksheet.

AGE CATEGORIES: 18-25, 26-45, 46-60, over 60

Person Surveyed	Age Category	What type of life insurance do you have?	Why did you buy life insurance?	Why did you buy this type of insurance?
#1				
#2				
#3				
#4				
#5				

Name _____ Date _____

ACTIVITY 5

Life Insurance,
Who Needs It?

Worksheet #4

DIRECTIONS: Use the results of your survey (Worksheet #3) to answer these questions.

****

1. Did you talk to any people who did not have life insurance? _____

2. If so, did they give a reason for not having life insurance? _____

3. What was the reason? _____

_____

4. Do you think that their reason for not having life insurance was a good one?

Why or why not? _____

_____

****

5. What was the main reason that the people you surveyed gave for buying life insurance? _____

_____

6. Look at the reasons that were given for buying the types of policies that they had. Based upon what you have learned about life insurance make a judgement about whether or not the person has bought the right type of policy for his/her needs. Tell why you feel as you do. Make a chart like the sample below to show your results.

Person Interviewed	Type	Reason	Agree/Disagree	Your Reason
#1	Term	Income low, $30,000 mortgage, No children	Agree	Term is cheaper. Provides lots of insurance for less.

Name _____ Date _____

ACTIVITY 7

Life Insurance, Who Needs It?

Worksheet #5

Use the chart on page 17 of the student capsule to answer these questions.

1. At age 25, what is the difference between the annual premium of

   a. term insurance and straight life? _____

   _____

   b. term insurance and 20-year endowment? _____

   _____

2. At age 40, what is the difference between the annual premium of

   a. term insurance and straight life? _____

   _____

   b. term insurance and 20-year endowment? _____

   _____

3. a. Straight life continues through age 99. If you lived that long, how many years would you pay insurance premiums if you bought a policy at age 20?

   _____

   b. How much would you have paid for your policy by age 99? (annual premium X number of years)

   _____

   c. How does this compare with the face value of the policy? _____

Name _____ Date _____

Life Insurance,
Who Needs It?

ACTIVITY 9
Worksheet #6

Using the chart on page 18 , answer the questions in this problem. Be sure to show your work.

A 25-year old woman is trying to decide whether to pay for her 10-year term policy monthly or annually.

(1) On a $10,000 policy, how much will she save each year if she pays the premium annually?

_____

(2) How much would she save over the 10-year period?

_____

(3) In addition to the saving on premiums, how much does she save in check-writing charges and postage each year? (Assume it costs 10 cents for every check written and 15 cents postage for every payment mailed.)

_____

_____

Name _____ Date _____

ACTIVITY 10
Worksheet #7

Life Insurance,
Who Needs It?

Use the charts on pages 18 and 20 to answer these questions. Show your work.

1. How much cheaper can a 30 year old person purchase $10,000 of term insurance through a group plan than if he/she purchased it as ordinary insurance? Remember, the type of insurance bought individually is called ordinary insurance. _____

   _____

   _____

2. What is the difference in price when purchased at the age of 50?

   _____

   _____

3. Which is cheaper, group or ordinary insurance? _____

   _____

Name _____ Date _____

ACTIVITY 12

Life Insurance,
Who Needs It?

Worksheet #8

Read each of the four case studies which are in the student capsule. Choose one to use in completing this worksheet. If information for a question is not given in the study, put N/K for not known.

Name _____ Age _____ yrs. Weight _____ lbs.

Address Anywhere, USA Spouse's Age _____ yrs. Weight _____ lbs.

Medical Problems: _____

Marital Status: ___single ___married ___separated
___widowed ___divorced

Occupation: _____

Is your occupation considered hazardous? _____

Salary _____ Spouse's occupation _____

Working? Yes _____ No _____ Salary _____

If not working, would additional training be needed before getting a job?

_____

Children (give ages) _____

_____

Other sources of income (stocks, bonds, savings accounts, etc.) _____

_____

Life Insurance, Who Needs It?

ACTIVITY 12, Worksheet #8 (CON'T)

How much and what kind of life insurance do you now have? (include group policies)

_____

Family's Monthly Expenses:

Housing	$ _____
Utilities & Household Operation	$ _____
Food	$ _____
Medical Care	$ _____
Transportation	$ _____
Incidentals (gifts, recreation, etc.)	$ _____
TOTAL	$ _____

1. Should the person in the case study buy life insurance? _____

2. If not, why? _____

_____

3. What kind of insurance should the person in the case study buy? _____

_____

4. Why did you choose that type of insurance? _____

_____

_____

Name _____ Date _____

SELF-CHECK

SECTION TWO

Life Insurance,
Who Needs It?

Complete the terms in the puzzle block below, then rearrange the missing letters to form the name of the largest insurance company in the United States.

	R	D	I	N	A		Y
D		V	I	D			D
M	E		I	C			
C	H	E			E	R	
	O	N		H	L	Y	
F		R	T	Y		W	O

1. Life insurance sold by agents on an individual basis is called _____ life.

2. Participating insurance policies cost more but they pay a _____ to the policyholder.

3. Group insurance may not require a _____ examination.

4. Group insurance is usually _____ than ordinary insurance of the same face amount.

5. Mary wants to purchase a $10,000 straight life policy. Her premium will be more expensive if she pays for it _____ instead of annually.

6. A life insurance policy will cost you less when you are twenty-three than if you wait until you are _____.

THE LARGEST INSURANCE COMPANY IN THE UNITED STATES IS

POLICY SPECIFICATIONS

PREMIUM CLASS	STANDARD	INSURED	Charlie Doe
AGE AND SEX	42 MALE	FACE AMOUNT	$50,000
DATE OF ISSUE	SEPTEMBER 28, 1978	POLICY DATE	SEPTEMBER 1, 1978
		POLICY NUMBER	001249100L
		PLAN	WHOLE LIFE

OWNER- Charlie Doe
BENEFICIARY- Sarah Doe WIFE

SCHEDULE OF BENEFITS AND PREMIUMS

FORM NUMBERS HL-	DESCRIPTION OF BENEFIT	CHECK-O-MATIC PREMIUM	PAYABLE TO*
3800,8783,8801, 3802,8907	WHOLE LIFE POLICY	$89.00	FOR LIFE
0072	WAIVER OF PREMIUM RIDER	$ 3.50	09/01/2001
0076	ACCIDENTAL DEATH BENEFIT RIDER AMOUNT $50,000.00	$5.00	09/01/2006
354	POLICY LOAN AND REINSTATEMENT ENDORSEMENT		

TOTAL INITIAL PREMIUM

ANNUAL	SEMI-ANNUAL	QUARTERLY	MONTHLY	CHECK-O-MATIC
$1,105.00	$564.50	$288.25	$100.50	$97.50

PREMIUMS ARE PAYABLE FOR THE PERIOD FROM THE POLICY DATE (OR RIDER DATE) O THE DATE STATED OR UNTIL PRIOR DEATH OF THE INSURED. WHEN CHARGES OR ANY BENEFITS SHOWN ABOVE CEASE, PREMIUMS DUE THEREAFTER WILL BE DUCED ACCORDINGLY.

ORM HL-8783

TABLE OF VALUES
(FOR DESCRIPTION, SEE POLICY VALUE OPTIONS)

INSURED

AGE & SEX 42 MALE POLICY NUMBER 001249100L

PLAN WHOLE LIFE POLICY

SEP. 1 OF	CASH VALUE	PAID-UP INSURANCE	EXTENDED TERM INSURANCE YEARS	DAYS
1979	$ 0	$ 0	0	0
1980	0	0	0	0
1981	850	2350	2	169
1982	1700	4550	4	127
1983	2600	6750	5	329
1984	3500	8800	7	40
1985	4450	10850	8	50
1986	5350	12650	8	318
1987	6300	14500	9	185
1988	7300	16300	10	22
1989	8250	17950	10	156
1990	9250	19550	10	274
1991	10200	21000	10	341
1992	11200	22450	11	33
1993	12250	23950	11	81
1994	13250	25250	11	92
1995	14250	26500	11	85
1996	15300	27750	11	78
1997	16300	28900	11	46
1998	17350	30050	11	18
2001	20400	33100	10	246

CASH VALUE FACTOR

POLICY YEARS 1-58 1055.50

REINSTATEMENT INTEREST RATE 6% PER YEAR
LOAN INTEREST RATE 5.67% PER YEAR IN ADVANCE

DEFINITIONS

The definitions in this section apply to the following words and phrases whenever and wherever they appear in this policy.

We means Hartford Life Insurance Company. Similarly, **Us** and **Our** refer specifically to Hartford Life Insurance Company.

You means the Owner of this policy. Similarly, **Your** refers specifically to the Owner of this policy.

Death Benefit means the Face Amount less any indebtedness, unless otherwise provided in this policy.

Policy Value means the Cash Value of this policy less any indebtedness.

Indebtedness means all outstanding loans on this policy, including any interest due or accrued.

In Writing means in a written form satisfactory to us and filed at our office in Hartford, Connecticut. All correspondence with us should be sent to our office at Hartford Plaza, Hartford, Connecticut 06115.

Policy Anniversary means an anniversary of the Policy Date. Similarly, Policy Years are measured from the Policy Date.

POLICY VALUE OPTIONS

Availability

If you discontinue premium payments after this policy has a Cash Value, you may choose one of the following Options:

Option A — Surrender for Cash
Option B — Continue as Extended Term Insurance
Option C — Continue as Paid-Up Insurance

Please read the "Option Descriptions" carefully, so you will understand the conditions and limitations of each Option. Notify us of your choice in writing within 60 days after the date to which premiums are paid. If this policy has no Policy Value, it will terminate at the end of the grace period of the unpaid premium.

Option Descriptions

Option A — Surrender for Cash

If you choose this Option, you must surrender this policy to us. We will pay you the Policy Value and our liability under this policy will cease. We may defer payment of the Policy Value for up to 6 months, but, if we defer it for 30 days or more, we will pay interest at the rate of 4% per year on the amount we owe you.

Option B — Continue as Extended Term Insurance

This Option is not available unless the Premium Class shown on Page 3 is "Standard". If you choose this Option, the death benefit will be the Face Amount less any indebtedness. The term period will begin on the due date of the unpaid premium and will be such as the Policy Value will provide as a net single premium at the Insured's then attained age. At the end of that term period, our liability under this policy will cease.

Option C — Continue as Paid-Up Insurance

If you choose this Option, the insurance under this policy will be payable under the same conditions as if you had continued paying premiums. The death benefit will be the amount the Policy Value will provide as a net single premium at the Insured's attained age on the due date of the unpaid premium. Any indebtedness due to policy loans made on or after such due date will be deducted from the death benefit.

Automatic Option

If a premium is not paid by the end of its grace period, the automatic Option to be effective unless you elect otherwise will be as follows:

a) If the Premium Class shown on Page 3 is "Standard", the automatic Option will be Option B; or

b) If the Premium Class shown on Page 3 is "Special", the automatic Option will be Option C.

POLICY VALUE OPTIONS (Continued)

Basis of Values

At the end of any policy year, the Cash Value of this policy is the present value of the future guaranteed benefits less the present value of the remaining Cash Value Factors shown on Page 3. While this policy is being continued under Option B or Option C, its Cash Value will be the present value of the future benefits. All values, present values and net single premiums in this policy are based on:

a) interest of 4% per year;
b) the Commissioners 1958 Standard Ordinary Mortality Table, except that the Commissioners 1958 Extended Term Insurance Table is used for Option B;
c) the assumption that deaths occur at the end of the policy year; and
d) the exclusion of any supplemental benefits provided by any rider.

All values equal or exceed those required by the state in which this policy is delivered.

The Cash Value within 60 days after the date to which premiums are paid will be the Cash Value on that date.

Table of Values

The values in the "Table of Values" on Page 3 apply at the end of the policy year shown if all premiums are paid to that date and there is no indebtedness. At any time during a policy year we will compute the values allowing for the time elapsed and the premiums paid during that policy year. For policy years not shown, we wil furnish values on request.

Cash Surrender

At any time after this policy has a Cash Value and while it is in force, you may surrender it for its Policy Value as described under Option A of the Policy Value Options. If this policy is being continued under Option B or Option C and you surrender it for its Policy Value within 30 days after a policy anniversary, the Cash Value will not be less than it was on that anniversary.

POLICY LOANS

General

You may borrow against this policy by assigning it to us as sole security at any time while it is in force other than as Extended Term Insurance.

We may defer granting a loan for up to 6 months, unless it is to be used to pay premiums to us.

Loan Amount

The loan amount may not exceed the Policy Value on the date we grant the loan. Before advancing the loan amount, we may apply a portion of it to pay interest on total indebtedness to the end of the policy year and any premium due on or before the next policy anniversary.

Total indebtedness may not exceed the Cash Value. If it does, this policy will terminate 31 days after we have mailed notice to your last known address and that of any assignee of record.

Loan Interest

Loan interest will accrue daily at the annual Loan Interest Rate shown on Page 3. Such interest will be payable in advance at the beginning of each policy year. Any interest not paid when due will be added to indebtedness and bear interest at the same rate.

Automatic Premium Loan Option

If you elect this Option, we will automatically process a policy loan to pay any premium which is not paid by the end of its grace period. The loan will bear interest from the due date of the premium.

You may elect this Option by requesting it in writing while no premium is overdue beyond its grace period. The Option will cease to operate on the earlier of the following:

a) when you revoke the election in writing, or
b) when the loan amount needed to advance an unpaid premium would exceed the Policy Value.

POLICY CONTROL

Change of Owner or Beneficiary

The Owner and Beneficiary will be those named in the application until you change them. To change the Owner or Beneficiary, notify us in writing while the Insured is alive. After we receive written notice, the change will be effective as of the date you signed such notice, whether or not the Insured is living when we receive it.

However, the change will be subject to any payment we made or actions we may have taken before we received the request.

Assignment

You may assign this policy. Until you notify us in writing, no assignment will be effective against us. We are not responsible for the validity of any assignment.

Owner's Rights

While the Insured is alive and no Beneficiary is irrevocably named, you may:

a) Exercise all the rights and options that this policy provides or that we permit;
b) Assign this policy;
c) Agree with us to any change to this policy.

No Named Beneficiary

If no named Beneficiary survives the Insured, then, unless this policy provides otherwise:

a) You will be the Beneficiary; or
b) If you are the Insured, your estate will be the Beneficiary.

THE CONTRACT

Entire Contract

The entire contract consists of this policy and the application, a copy of which is attached at issue. This contract is made in consideration of the application and the payment of premiums. We will not use any statement to void this policy or to defend against a claim under it, unless that statement is contained in the attached written application. All statements in the application will, in the absence of fraud, be deemed representations and not warranties.

Modification

The only way this contract may be modified is by a written agreement signed by our President, or one of our Vice Presidents, Secretaries or Assistant Secretaries.

Non-Participation

This policy is non-participating. It does not share in our surplus earnings, so you will receive no dividends under it.

Age and Sex

If the Insured's age or sex is incorrectly stated, we will adjust all benefits under this policy to what the premium paid would have purchased at the correct age and sex, based on our rates in effect when this policy was issued.

Suicide

If, within 2 years from the Date of Issue, the Insured dies by suicide, while sane or insane, our liability will be limited to the sum of the premiums paid.

Incontestability

We cannot contest this policy after it has been in force, during the Insured's lifetime, for 2 years from its Date of Issue, except for:

a) nonpayment of premiums, and
b) any rider providing disability or accidental death benefits.

PREMIUM PAYMENTS

General

All premiums are payable in advance either:

a) at our office in Hartford, Connecticut; or
b) to our authorized agent in exchange for a receipt signed by our President or Secretary and countersigned by such agent.

The first premium is due on the Policy Date. Each premium after the first is due at the end of the period for which the preceding premium was paid.

Grace Period

We will allow a grace period of 31 days after the due date for the payment of each premium after the first. This policy will continue in force during the grace period. If the Insured dies during the grace period, the pro rata portion of any unpaid premium applicable to the end of the policy month of death will be deducted from the death benefit. If any premium is not paid by the end of its grace period, this policy will terminate, except as provided under Policy Value Options.

Premium Refund at Death

We will add to the death benefit the pro rata portion of any premium which was paid for the period beyond the end of the policy month of the Insured's death, provided such premium was not waived under any provision of this policy.

Payment Frequency

You may change the frequency of premium payments to annual, semi-annual or quarterly provided:

a) you notify us in writing before the end of the grace period; and
b) the resulting premium satisfies our minimum amount rules then in effect.

The premium for any frequency will be based on our rates in effect when this policy was issued.

Reinstatement

This policy may be reinstated at any time within 5 years after the due date of the first unpaid premium, provided:

a) the Policy Value has not been paid;
b) evidence of insurability satisfactory to us is furnished;
c) all past due premiums with interest at the Reinstatement Interest Rate shown on page 3 are paid; and
d) all indebtedness with interest at the rate applicable to policy loans is paid or reinstated.

Income Settlement Options

These provisions are part of the policy to which they are attached.

AVAILABILITY

All or part of the proceeds of this policy may, instead of being paid in one sum, be left with us under any one or a combination of the following options, subject to our minimum amount requirements on the date of election.

We will pay interest of at least 3½% per year on the death benefit from the date of the Insured's death to the date payment is made or an Income Settlement Option is elected.

If any payee is a corporation, partnership, association, assignee or fiduciary, an option may be chosen only with our consent.

Option 4 is not available to any payee whose age exceeds 90.

DESCRIPTION OF TABLES

The options below are based on interest at a guaranteed rate of 3½% per year. Payments under Option 4 are based on mortality for each sex according to the 1971 Individual Annuity Mortality Table with ages set back one year.

EXCESS INTEREST

We may pay or credit excess interest of such amount and in such manner as we determine.

DEATH OF PAYEE

If the payee dies while receiving payments under one of the options below, we will pay the following:

a) any principal and accrued interest remaining unpaid under Option 1 or 2;

b) the value of remaining unpaid guaranteed payments, if any, under Option 3 or 4, commuted using interest of 3½% per year.

Any such amount will be paid in one sum to the payee's estate, unless we have agreed otherwise in writing.

OTHER OPTIONS

To convert the monthly payments shown in the tables for Options 3 and 4B to quarterly, semi-annual or annual payments, multiply by the following factors:

PAYMENT INTERVAL	FACTOR
Quarterly	2.99
Semi-annual	5.96
Annual	11.81

Other options may be arranged with our consent.

OPTION 1 — INTEREST INCOME

Payments of interest at the rate we declare, but not less than 3½% per year, on the amount left under this option.

OPTION 2 — INCOME OF FIXED AMOUNT

Equal payments of the amount chosen until the amount left under this option, with interest of not less than 3½% per year, is exhausted. The final payment will be for the balance only.

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OPTION 3 — INCOME FOR FIXED PERIOD

Payments, determined from the table below, guaranteed for the number of years chosen. The first payment will be due on the date proceeds are applied under this Option.

Number of Years	Monthly Payments per $1,000 of Proceeds	Number of Years	Monthly Payments per $1,000 of Proceeds
1	$84.65	10	$9.83
2	43.05	15	7.10
3	29.19	20	5.75
4	22.27	25	4.96
5	18.12	30	4.45

OPTION 4 — LIFE INCOME

Payments, determined from the table below, for the Option elected, based on the payee's sex and age nearest birthday on the date the first payment becomes due. The first payment will be due on the date proceeds are applied under this Option. The life income options available are:

A) Payments only while the payee is alive.

B) Payments guaranteed for 10 years; then continuing while the payee is alive.

Monthly Payments per $1,000 of Proceeds

Payee's Age	Option 4A Life Only Male	Option 4A Life Only Female	Option 4B 10 Yrs. Certain Male	Option 4B 10 Yrs. Certain Female	Payee's Age	Option 4A Life Only Male	Option 4A Life Only Female	Option 4B 10 Yrs. Certain Male	Option 4B 10 Yrs. Certain Female
20	$3.39	$3.28	$3.38	$3.28	68	$7.21	$6.36	$6.66	$6.10
25	3.50	3.37	3.49	3.36	69	7.46	6.57	6.83	6.27
30	3.64	3.47	3.63	3.47	70	7.72	6.80	7.00	6.45
35	3.81	3.61	3.80	3.61	71	8.00	7.04	7.17	6.63
40	4.04	3.78	4.02	3.77	72	8.31	7.32	7.35	6.82
45	4.33	4.00	4.30	3.99	73	8.64	7.61	7.53	7.02
50	4.70	4.29	4.64	4.26	74	8.99	7.93	7.71	7.22
51	4.79	4.35	4.71	4.33	75	9.37	8.28	7.89	7.43
52	4.87	4.43	4.79	4.39	76	9.79	8.66	8.07	7.64
53	4.97	4.50	4.87	4.46	77	10.23	9.08	8.25	7.85
54	5.06	4.58	4.96	4.54	78	10.72	9.53	8.43	8.05
55	5.17	4.66	5.05	4.62	79	11.25	10.03	8.60	8.26
56	5.27	4.75	5.14	4.70	80	11.82	10.57	8.77	8.45
57	5.39	4.85	5.24	4.78	81	12.44	11.16	8.93	8.64
58	5.51	4.94	5.34	4.87	82	13.11	11.81	9.08	8.81
59	5.63	5.05	5.45	4.97	83	13.84	12.52	9.21	8.96
60	5.77	5.16	5.56	5.07	84	14.65	13.29	9.34	9.10
61	5.91	5.27	5.68	5.17	85	15.54	14.12	9.44	9.22
62	6.06	5.40	5.80	5.28	86	16.52	15.03	9.54	9.33
63	6.22	5.53	5.93	5.40	87	17.62	16.01	9.61	9.42
64	6.39	5.67	6.07	5.52	88	18.85	17.06	9.68	9.49
65	6.58	5.82	6.21	5.66	89	20.23	18.16	9.72	9.55
66	6.77	5.98	6.35	5.80	90	21.77	19.30	9.76	9.61
67	6.99	6.16	6.51	5.95					

Signed for the **HARTFORD LIFE INSURANCE COMPANY**

Michael S. Wilder, *Secretary*

DeRoy C. Thomas, *President*

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Policy Loans and Reinstatement Endorsement

THE HARTFORD

This Endorsement is issued as a part of the policy to which it is attached. The Date of Issue and Policy Date applicable to this Endorsement are the same as those of the policy.

POLICY LOANS

The **Loan Interest** section of the **Policy Loans** provision of this policy is amended to read as follows:

Loan interest will accrue daily at the rate we specify. Such interest will be payable in advance at the beginning of each policy year. Any interest not paid when due will be added to indebtedness and bear interest at the same rate.

We may change the interest rate from time to time, provided:

a) the amount of any increase will not exceed 1% per year;

b) the effective date of any increase will not be less than one year after the effective date of the previous rate; and

c) the rate will never exceed the Maximum Loan Interest Rate shown on Page 3.

If you have a policy loan outstanding 40 days before the effective date of any increase in the interest rate, we will notify you and any assignee of record of the increase at least 30 days before it becomes effective.

REINSTATEMENT

Paragraphs (c) and (d) under **Reinstatement** are amended to read as follows:

c) all past due premiums with interest of 6% per year compounded annually are paid; and

d) all indebtedness with an interest rate, not to exceed 6% per year compounded annually, is paid or reinstated.

Signed for the **HARTFORD LIFE INSURANCE COMPANY**

Michael S. Wilder
Secretary

Roger C. Thomas
President

Form HL-8354
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Accidental Death Benefit Rider

THE HARTFORD

BENEFIT

We will pay the Accidental Death Benefit (shown on Page 3) upon receipt at our office in Hartford, Connecticut of due proof that the accidental death of the Insured occurred while this policy and this rider were in force.

DEFINITIONS

The definitions in this section apply to the following words and phrases whenever and wherever they appear in this rider.

Accidental Death means death which results, directly and independently of all other causes, from accidental bodily injury and which occurs within 90 days after such injury. Except in the case of drowning or internal injuries revealed by autopsy, an accidental bodily injury must be evidenced by a visible contusion or wound on the exterior of the body.

Military Aircraft means any military or naval aircraft other than transport aircraft operated by the Military Airlift Command of the United States.

RISKS EXCLUDED

This rider does not cover death resulting directly or indirectly, wholly or partly, from any of the following:

a) intentionally self-inflicted injury or suicide, while sane or insane;
b) bodily or mental infirmity, illness or disease or medical or surgical treatment therefor;
c) any infection not occurring as a direct consequence of an accidental bodily injury;
d) any act or incident of insurrection or war, declared or undeclared;
e) the Insured's participation in a riot or commission of an assault or felony;
f) taking of drugs, sedatives, narcotics, barbiturates, amphetamines, or hallucinogens, unless prescribed for or administered to the Insured by a licensed physician;
g) an accident caused by the Insured's intoxication while operating a motor vehicle;
h) any poison or gas voluntarily or involuntarily taken or inhaled, except as a direct result of an occupational accident;
i) travel or flight in or descent from any aircraft if the Insured is a pilot or member of the crew of such aircraft or if such aircraft is a military aircraft or is being operated for aviation training.

RIGHT TO AUTOPSY

We will have the right and opportunity to examine the Insured's body and to make an autopsy unless prohibited by law.

Form HL-9076
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GENERAL PROVISIONS

This rider is part of the policy to which it is attached. Except where this rider provides otherwise, it is subject to all conditions and limitations of such policy. This rider does not affect the Policy Value, if any, of the policy.

This rider is issued in consideration of the application (a copy of which is attached) and payment of the premiums shown for this rider on Page 3. The Date of Issue of this rider is the same as that of the policy unless a different date is shown on Page 3. The Rider Date is the same as the Policy Date unless a different date is shown on Page 3.

TERMINATION

To terminate this rider, notify us in writing. Otherwise, it will continue until the earliest of the following:

a) the end of the grace period of any unpaid premium for this policy or this rider;
b) when this policy matures or terminates; or
c) on the policy anniversary nearest the Insured's 70th birthday.

Signed for the **HARTFORD LIFE INSURANCE COMPANY**

Michael S. Wilson
Secretary

D. Roger Thomas
President

Waiver of Premium Rider

THE HARTFORD

BENEFIT

If the Insured becomes totally disabled (as defined below), then:

a) if such disability began before the policy anniversary nearest the Insured's 60th birthday, we will waive the payment of each premium falling due during such total disability. If such total disability continues without interruption until the policy anniversary nearest the Insured's 65th birthday, each premium falling due thereafter will be waived even if the Insured recovers from total disability.
b) if such disability began on or after the policy anniversary nearest the Insured's 60th birthday, and before the policy anniversary nearest the Insured's 65th birthday, we will waive the payment of each premium falling due during such total disability and before the later of the policy anniversary nearest the Insured's 65th birthday or two years after the date such disability began.

DEFINITION OF TOTAL DISABILITY

Total disability means a disability which:

a) results from bodily injury or disease;
b) begins while this policy and this rider are in force;
c) has existed continuously for at least 6 months; and
d) prevents the Insured from engaging in an occupation.

During the first 24 months of disability, occupation means the Insured's regular occupation; thereafter, it means any occupation for which the Insured is reasonably fitted by education, training or experience.

The total and irrecoverable loss of the entire sight of both eyes or of all use of both hands or of both feet or of one hand and one foot will be deemed total disability, even if the Insured engages in an occupation.

RISKS EXCLUDED

No premium will be waived if disability results, directly or indirectly, wholly or partly, from:

a) willfully and intentionally self-inflicted injury; or
b) service in the armed forces of any country or international authority at war, whether such war is declared or undeclared.

NOTICE AND PROOF OF CLAIM

Before we waive any premium, we must be notified in writing of the claim and receive proof satisfactory to us that the Insured is totally disabled. Such notice and proof must be received:

a) while the Insured is alive and remains totally disabled; and
b) not later than one year after the date to which premiums are paid.

However, an otherwise valid claim will not be denied if you show that notice and proof were given to us as soon as reasonably possible and not later than one year after the Insured's recovery.

We may require proof of continuance of total disability at reasonable intervals during the two years following our approval of a claim. Thereafter, we will not require such proof more often than once a year.

As part of any proof, we may require that the Insured be examined by a physician of our choice.

If any required proof is not submitted, no further premiums will be waived. Any premium due thereafter for this policy or this rider will be payable.

Form HL-9072
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PREMIUMS

Any premium that becomes due before we are notified in writing of a claim is payable. When we receive proof satisfactory to us that the Insured is totally disabled, we will refund any paid premium which became due after total disability began and within one year before we received written notice of the claim.

If any premium is unpaid, an otherwise valid claim will be approved only if total disability began before the end of the grace period of the first unpaid premium. If total disability began during the grace period of such unpaid premium, the amount of the unpaid premium, with interest at 6% per year, may be deducted from any amount payable under this policy.

Premiums waived will include premiums for this policy and any attached riders. Waiver will be according to the payment frequency in effect when total disability began.

Premiums waived will not affect the benefits payable or the values, if any, available under this policy.

GENERAL PROVISIONS

This rider is part of the policy to which it is attached. Except where this rider provides otherwise, it is subject to all conditions and limitations of such policy. This rider does not affect the Policy Value, if any, of the policy.

This rider is issued in consideration of the application (a copy of which is attached) and payment of the premiums shown for this rider on Page 3. The Date of Issue of this rider is the same as that of the policy unless a different date is shown on Page 3. The Rider Date is the same as the Policy Date unless a different date is shown on Page 3.

INCONTESTABILITY

We cannot contest this rider, except for non-payment of premiums, after it has been in force for 3 years from its Date of Issue, unless the death or total disability of the Insured occurred during such 3-year period.

TERMINATION

To terminate this rider, notify us in writing. Otherwise, it will continue until the earliest of the following:

a) the end of the grace period of any unpaid premium for this policy or this rider;
b) when this policy matures, terminates or becomes fully paid-up; or
c) on the policy anniversary nearest the Insured's 65th birthday.

Termination of this rider will not affect an otherwise valid claim arising from total disability which began before such termination.

Signed for the **HARTFORD LIFE INSURANCE COMPANY**

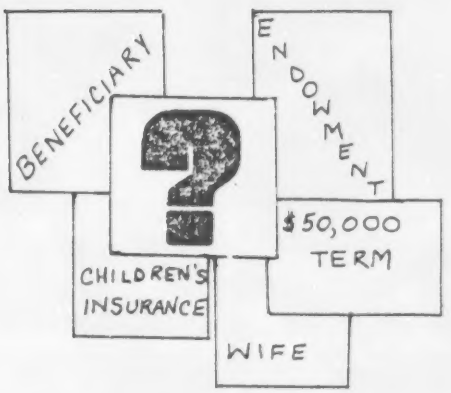
Michael S. Wilder
Secretary

Don Ryan L. Thomas
President

LIFE INSURANCE:

WHO NEEDS IT?

Student Material



Written by

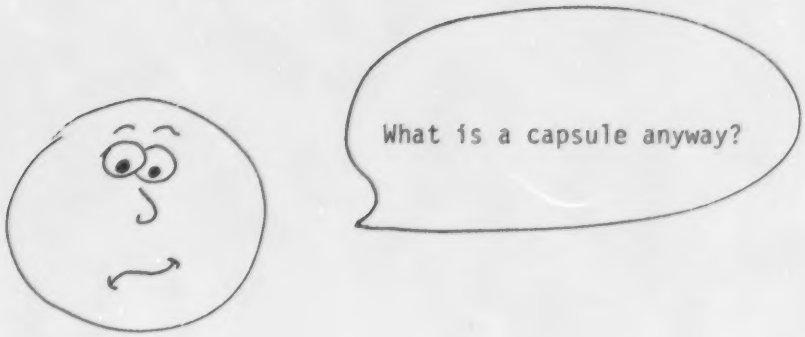
Elaine Turner

for

Project COST
ESEA Title IV
Kansas State Dept. of Education
USD 449
Easton, KS 66020

"Life insurance?--not a topic that concerns me right now," you say. "I'll find out about that when the time comes." Like so many other things, the "time" comes before you are ready. When you don't have the time or the opportunity to learn all you need to learn about the subject, a life insurance agent knocks on your door or one of your friends starts selling insurance. What he says makes sense. He surely has your best interest at heart--but does he? How can you be sure you are getting what you really need? You can't--unless you understand <u>when</u> you need insurance, <u>how</u> to shop for it and <u>how much</u> to buy.

USING THIS CAPSULE

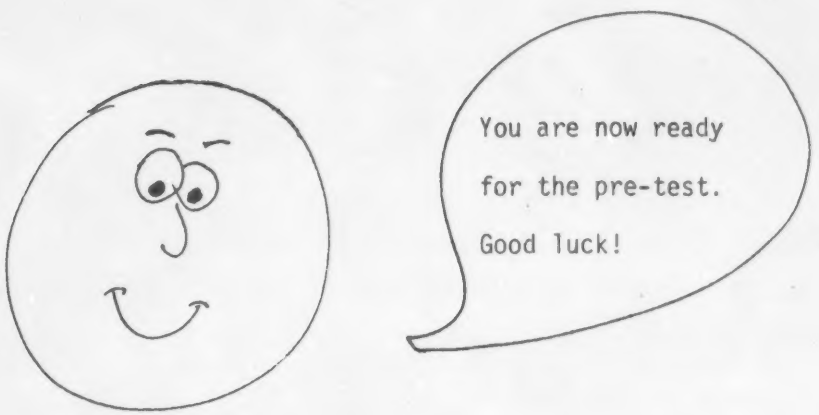


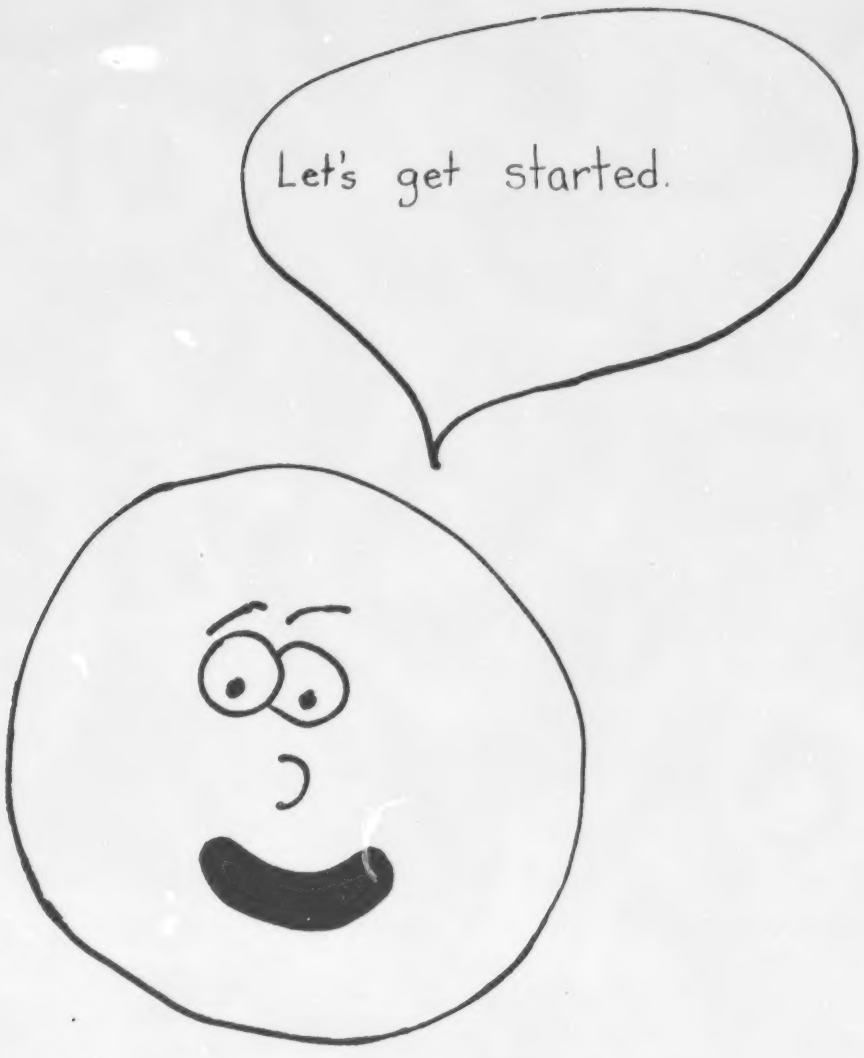
A capsule is a special tool that you will be using to help you find about life insurance. It contains information and activities to help you learn. Some activities are required, but others are optional. As you complete an activity you will write the date you completed it in the appropriate space on your Record Sheet. Then show your work to your teacher.

Before you begin you will take a pre-test. Do not be concerned if you cannot answer all of the questions. The pre-test is designed to let you and your teacher know what you need to learn about life insurance.

After you complete the capsule you will take a post-test to see how much you have learned.

There are Quest activities which may be completed after the post-test. These are optional. They will give you a chance to investigate life insurance more fully.





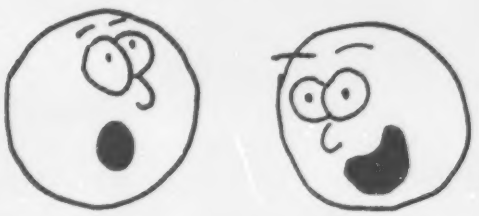
SECTION 1

What Kinds of Life Insurance Are Available?

Life insurance is available in a variety of policies to fit a number of different needs. In this capsule you will look at the basic differences and also define the terms that are most frequently used in life insurance policies. After completing this part of the capsule you should be able to:

* Evaluate the four basic types of life insurance (term, whole life, limited payment life, and endowment) in terms of your own basic needs and wants.

Now that you have finished the pre-test listen to a couple of characters discuss what they know and don't know about life insurance on Side 1 of Tape 1.



ACTIVITY 1

Let's start by looking at a real life insurance policy. Your teacher has part of a sample insurance policy. Use it to complete Worksheet #1. After you finish the worksheet turn to page 7 in this capsule to check your answers. Then show your paper to your teacher, return the policy and mark today's date by Activity 1 on the Record Sheet.

Now check your answers.

1. The face value is usually easy to find on the policy. This is the amount that the insurance company will pay in the event of the insured person's death. It is usually an even sum on money such as $5,000, $25,000, etc. On the policy, the amount is $50,000; and you should have found it on the top of the first page. How did you do?

2. The policyholder may name anyone he wishes to be <u>beneficiary</u> of the proceeds of the policy. The beneficiary is the person or persons who will collect the money when the insured person dies. Usually the beneficiary is a wife, husband, children or someone else who would suffer a financial loss at the death of the insured. On this policy the beneficiary is Sarah Doe, and you also find this on the first page. Did you find it?

3. A <u>premium</u> is the amount paid by a person for insurance coverage. You will find premium rates vary greatly. One reason for this is that there are different <u>kinds</u> of policies purchased. Another reason for rates to vary is the <u>age</u> of the insured when the policy is purchased. You'll compare rates more closely a little later. The annual premium on this policy is $1,105. Is that what you had?

4., 5., and 6. Not all policies have a cash value. Term insurance, often called pure insurance does not. Straight-life, limited payment life, and endowment insurance have savings plans attached, and this "savings part" of the insurance is called the cash value. It builds up gradually. This concept will be explained more fully on the next tape. One of the uses of this cash value is that you can borrow from it. The interest charged is much lower than you would expect to pay a bank or credit union. This policy does have a cash value. The percentage rate at which it can be borrowed is given at the bottom of the second page and is 5.67% per year. When the insured person is 65 the cash value of the policy that you examined is $20,400 (This is found at the bottom of column 2 on the second page.)

7. The insured almost always has the right to change the beneficiary. Life situations have a way of changing, so it's important to keep your policy up to date. These provisions are explained at the top of the third page of the policy you looked at.

So, how did you do? Show your worksheet to your teacher.

There are some terms that you should become familiar with. In order for you to do this, complete the following activities. When you finish both activities show your papers to your teacher and put the date under the appropriate activity numbers on your Record Sheet.

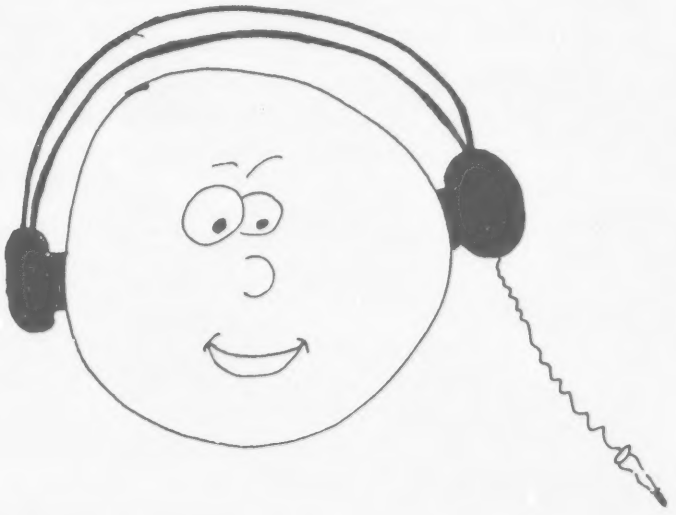
ACTIVITY 2

Do the matching activity on Worksheet #2. You may use a glossary from a general business textbook or a dictionary to help you.

ACTIVITY 3

Use the words and definitions from Activity 2 to make a crossword puzzle. Get graph paper from your teacher or draw your puzzle off on your own paper. When you have finished your puzzle, ask your parents or one of your classmates to try to work it.

You are now ready to listen to Tape 1 Side 2. When you finish come back to page 11 of this capsule.



Maybe we had better review those again. You learned about four types of life insurance on the tape.

TERM INSURANCE is temporary insurance. It is called term insurance because it is bought for a limited period of time, such as 5, 10, or 20 years. If the policyholder dies during that period, the insurance company pays the face amount of the policy to the beneficiary.

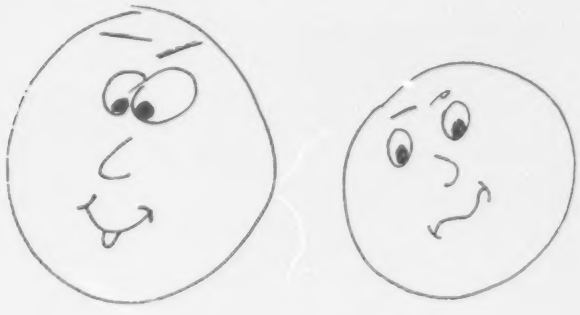
WHOLE LIFE OR STRAIGHT LIFE INSURANCE is permanent insurance. Permanent insurance provides protection for an entire lifetime, not just a set number of years. With permanent insurance you build up cash values which may be borrowed at a low interest rate, if the need arises. If you have straight life insurance your premiums remain the same each year, and you continue to pay premiums for as long as you want the protection.

LIMITED PAYMENT LIFE INSURANCE is another type of permanent insurance. It provides protection for a lifetime and builds up cash values just as straight life insurance does.

The difference is that with a limited payment life policy premiums are paid for a stated number of years. A 15- year life insurance policy means that the policy holder pays premiums for 15 years. At the end of that time the policy becomes paid up and remains in force for the rest of the insured's life. Since the insurance is fully paid in 15 years, each premium is higher in cost than the premiums for straight life insurance.

ENDOWMENT INSURANCE is really an insured savings plan. The policyholder agrees to pay premiums for a certain period of time. At the end of that time the cash value equals the face value of the policy. The policy is said to be mature and the insurance protection ends. The policyholder may collect the money in a lump sum or as monthly payments for a certain number of years or for life.

Whew, did you get all of that? Let's see--go on to Activity 4!



ACTIVITY 4

Take a survey of ten adults who have life insurance. You may use your parents and other adults to find out the kinds of insurance policies that they have purchased. Use Worksheet #3 to record the results of your survey. Keep this worksheet until you have completed Activity 5 or 6, then turn it in to your teacher. Don't forget to mark your Record Sheet.

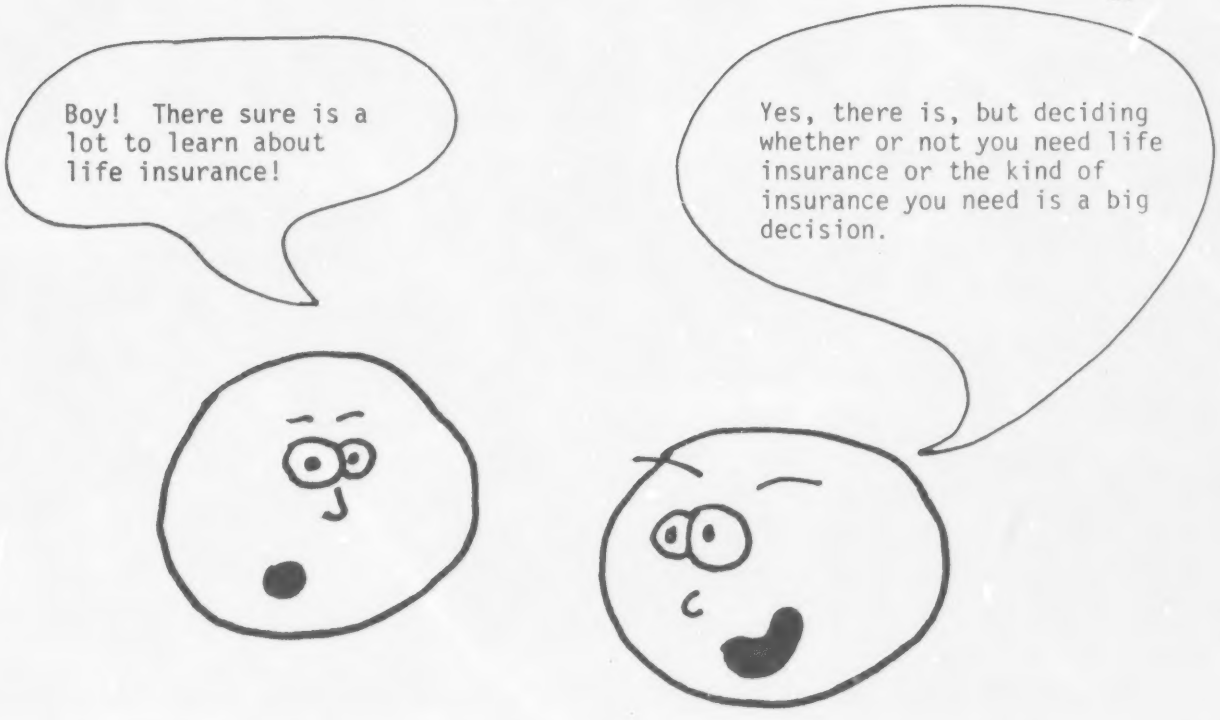
Use your survey from Activity 4 to complete either Activity 5 or Activity 6.

ACTIVITY 5

Complete Worksheet #4 using the information from the survey and what you have learned about the 4 types of life insurance.

ACTIVITY 6

Work with 3 or 4 other people in your class. Discuss the reasons those surveyed gave for buying insurance and the reasons for buying the particular types of policies. Did the group agree with the types of policies that were chosen in each case? Why or why not? Combine the results of your survey into a chart. Make a group presentation to your class explaining what you found out as a result of the survey.


Boy! There sure is a lot to learn about life insurance!
Yes, there is, but deciding whether or not you need life insurance or the kind of insurance you need is a big decision.

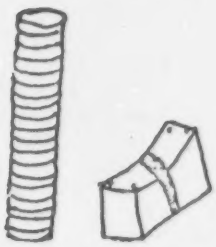
SECTION 2

What Does It Cost ?

You have learned the terms basic to most life insurance policies, and you also know the differences among the major types of life insurance. You will now learn the major factors that affect the cost of life insurance.

After completing this section of the capsule, you will be able to:

* Compare prices of policies.
* Recognize the difference between participating and nonparticipating insurance.
* Discriminate between group and ordinary life insurance.



As you read earlier, the <u>type</u> of insurance you select is a big factor in determining its cost. Another factor is the age of the applicant. If you purchase a policy at age 25, there is a small chance that you will die before you have paid in enough money to cover the policy. If you are 40, there is a greater chance that you will die before you have paid in enough money to cover the face value of the policy. The company takes a greater risk of insuring a 40 year old person than a 25 year old person, so the premium is greater. The greater the risk, the higher the premium.

Here are some rates of three of the basic types of life insurance. Use the chart below to complete Activity 7 or Activity 8.

APPROXIMATE ANNUAL PREMIUM
FOR $10,000 LIFE INSURANCE

Purchased at age	10-year term annual	Straight life annual	20 year Endowment annual
20	$ 49.00	$132.00	$425.00
25	51.70	134.00	431.00
30	53.00	157.00	435.00
40	75.00	223.00	452.00
50	143.00	334.00	501.00

ACTIVITY 7

Use the chart above to complete the questions on Worksheet #5. On the back of the worksheet, write a paragraph explaining what you learned.

ACTIVITY 8

Use the chart above to make a bar graph that compares the annual premium of each type at each age. Check your math book if you need help making a bar graph.

The way you buy life insurance also affects its cost. Ordinary life insurance is sold by agents on an individual basis in units of $1,000 or more. Premiums are usually figured on an annual basis. They may be paid monthly, quarterly, or semi-annually. You choose the payment plan you prefer. The less often you pay, the less it will cost, because fewer payments mean less bookkeeping for the insurance company.

****

USE THIS CHART TO COMPLETE ACTIVITY 9.

APPROXIMATE ANNUAL PREMIUM
FOR $10,000 LIFE INSURANCE

Purchased at age	10-year term		Straight life		20-year Endowment	
	Annual	Monthly	Annual	Monthly	Annual	Monthly
20	$49.00	$ 4.20	$132.00	$11.20	$425.00	$35.00
25	51.70	4.60	134.00	11.60	431.00	36.00
30	53.00	4.70	157.00	13.40	435.00	37.00
40	75.00	6.50	223.00	19.20	452.00	38.50
50	143.00	12.20	334.00	28.15	501 00	42.35

ACTIVITY 9

Using the chart on page 18 complete Worksheet #6. Don't forget to mark your Record Sheet.

Group life insurance is a method of insuring a number of people under one policy. Many business firms provide group insurance for their workers. Usually the members of the group are not required to pass a physical examination. Sometimes the company pays part or all of the premium. The cost of group insurance is almost always less than the same amount of protection bought through an individual policy. If a company employs 70 people and each of these 70 pays into an insurance policy, there is very little chance that a large number of these employees will die before enough money has been paid in to cover the cost of the insurance. There is less risk to the company insuring the group than if it were insuring 70 individual people. Also, since no physical exam is required for group insurance, some people are able to obtain life insurance who could not do so otherwise.

Most group insurance is term insurance. Protection continues only for as long as the individual is a part of the group. For example, if you had a group policy at the company where you work, the insurance would no longer be in effect if you quit your job.

ACTIVITY 10

USING THE TABLE OF GROUP RATES BELOW AND THE TABLE OF ORDINARY LIFE INSURANCE ON PAGE 18 , ANSWER THE QUESTIONS ON WORKSHEET #7.

TABLE OF GROUP RATES

$10,000 Term Insurance

Purchased at age	Annual Premium	Monthly Premium
30	$19.20	$1.60
35	24.00	2.00
40	45.60	3.80
50	96.00	8.00

Another choice you will be confronted with is whether to buy from a participating or non-participating insurance company. If you buy participating life insurance, you will usually be paid dividends. Insurance dividends are refunds of overpaid premiums; they are not a share of the company's profits. The company calculates premiums at a slightly higher rate. At the end of the year, the company figures how much of the premium was actually used and refunds the unused portion to you in the form of dividends. Dividends can be left with the insurance company to earn interest. A non-participating company will pay no dividends, but the premiums are usually lower. So the consumer must decide between lower premiums or paid dividends.

ACTIVITY 11

Select two of the following statements and write paragraphs telling why you agree or disagree.

OR

If your teacher approves, you may tape a response to two of these statements. Tell why you agree or disagree. Think about the things you want to say before you begin to tape. Tell which statements you are responding to.

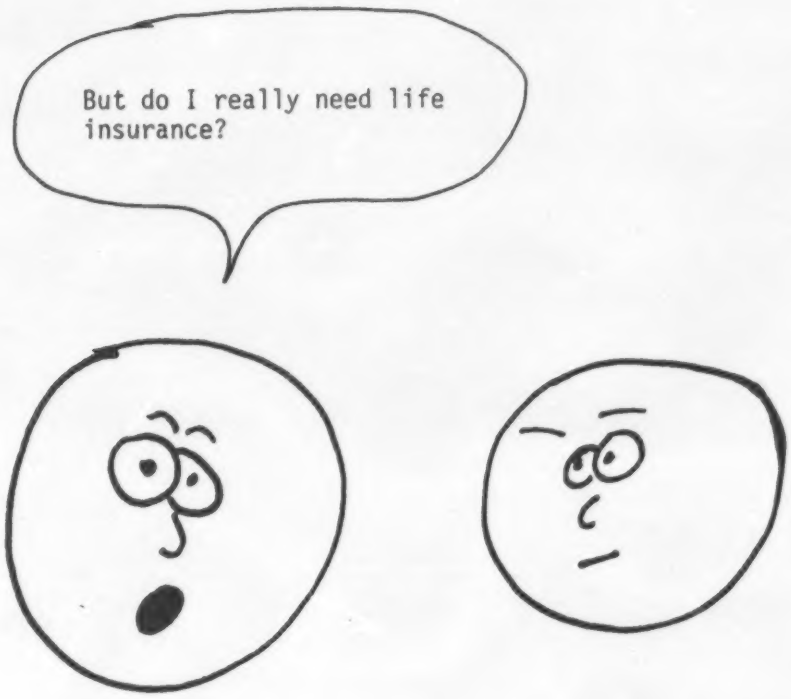
1. Group life insurance is usually a good buy.

2. Insurance premiums should always be paid monthly.

3. It's always best to buy from a participating company because they pay dividends.

4. The cost of insurance on a participating policy can only be accurately measured after a long period of time.

Get the Self-Check for Section Two. When you finish, turn to page 36 in this capsule to check your answers. Mark your Record Sheet. If you have trouble with the self-check go back and reread Section Two.



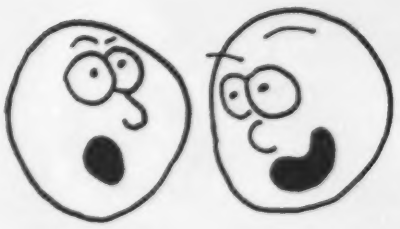
SECTION 3

Who Needs It?

The insurance agent will no doubt give you assistance determining how much insurance to buy and on which members of the family the insurance should be placed; however, only you can make the final decision. After completing this part of the capsule you will be able to:

* List the basic considerations when deciding how much insurance should be purchased.

* Explain why the major portion of a family's life insurance should be placed on the breadwinner.



Listen to Tape 2, Side 1, OR read pp. 371-377 of the Consumer in American Society, then complete the activity on the next page.

ACTIVITY 12

Here are four different case studies. Read each case study carefully, then choose one to use in completing this activity. Use Worksheet #8 with the case study you have chosen. You will need to fill in the worksheet using the information from the case study. At the end of the worksheet you will be asked to decide whether or not the person in the case study needs insurance, and if so, what type is needed. You will also be asked to give a reason for your decision.

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CASE STUDY #1

Lester is 26, and his wife, Lisa, is 25. They both work. They have no children.

OCCUPATIONAL AND PERSONAL INFORMATION: LESTER

Lester is a mechanic for the Acme Auto Repair Shop. He is six feet four inches tall and weighs 235 pounds. He has no medical problems. He earns $10,000 a year.

OCCUPATIONAL AND PERSONAL INFORMATION: LISA

Lisa has worked as a computer programmer for two years. Her salary last year was $14,500. Lisa is 5 feet 3 inches tall and weighs 110 pounds. Lisa's company has a retirement program if she continues to work there until she is 60 years old. The company also pays for a $5,000 life insurance policy on each employee who has been there for more than one year.

CASE STUDY #1 (CON'T)

LIVING EXPENSES

Lisa and Lester last year bought a $40,000 home. Their payments are $395.00 a month without taxes and homeowner's insurance. In addition they are paying $200.00 a month for a car payment. The car will be paid for in 10 months, but they are thinking about buying a second car. They have $4,000 in savings and will use part of that money for a down payment. Their monthly expenses look like this:

Housing	$450
Utilities & Household Operation	$175
Food	$300
Transportation	$325
Medical Care	$ 10

CASE STUDY #2

Arnold is 39, his wife, Alice, is 35. They both work. They have four children, Suzie, 15; Sarah, 13; Shawna 11; and Butch, 7.

OCCUPATIONAL AND PERSONAL INFORMATION: ARNOLD

Arnold has taught high school music for twelve years. His yearly salary is $14,600. He weighs 196 pounds. During a recent health check-up he found that he has high blood pressure.

OCCUPATIONAL AND PERSONAL INFORMATION: ALICE

Alice works as an assistant teacher in a pre-school center. Her yearly salary is $6,000. She weighs 120 pounds.

LIVING EXPENSES

Arnold and Alice own their home. They have lived there for 14 years. They have a thirty-year mortgage which means that the house will be paid for in 16 more years.

They nave an older car which is paid for, but they plan to buy a new car next summer. Their monthly expenses are listed here:

Housing	$250
Utilities & Household Operation	$190
Food	$500
Transportation	$175
Incidentals	$300
Medical Care	$ 30

CASE STUDY #2 (CON'T)

MORE INFORMATION

Arnold and Alice bought a 15 year term policy when Suzie was born. This policy will expire next month. Arnold does have the option of converting his term insurance into a straight-life policy without a health exam. He wants to be sure that he has enough protection for his family if he dies. He wants to be sure that Alice does not have to sell the house and that there is some money available for the children to further their education.

CASE STUDY #3

Mary is a widow with one child, Donald, 6 year old. She is 33 years old and weighs 115 pounds. She has no health problems.

OCCUPATIONAL AND PERSONAL INFORMATION: MARY

Mary works as a taxi driver. She earns $5,500 a year. In addition to this salary she gets $225 a month in Social Security payments. When her husband died she invested the money from his life insurance. This provides an additional $2,000 a year in income.

LIVING EXPENSES

Mary and her son live in a mobile home. They have lived there for five years. She has a 10 year mortgage. Mary owns a car which will be paid for next month. She does not plan to buy a new one for several years. Her monthly expenses are listed here:

Housing	$150
Utilities & Household Operation	$100
Food	$160
Transportation	$200
Incidentals	$235
Medical Care	$ 30

CASE STUDY #4

Paul is 20. He is going to college and works only during the summer. He has a mother, a father, and a sister, none of whom depend on him for support.

LIVING EXPENSES

Paul worked during the summer to make money for his tuition and books. He shares an apartment with two other guys. His parents pay for his share of the apartment rent and give him a monthly allowance for his other expenses. Here is a list of his monthly expenses other than tuition:

Housing	$100
Utilities & Household Operation	$ 30
Food	$150
Transportation	$ 75
Incidentals	$150

CHECK YOURSELF--

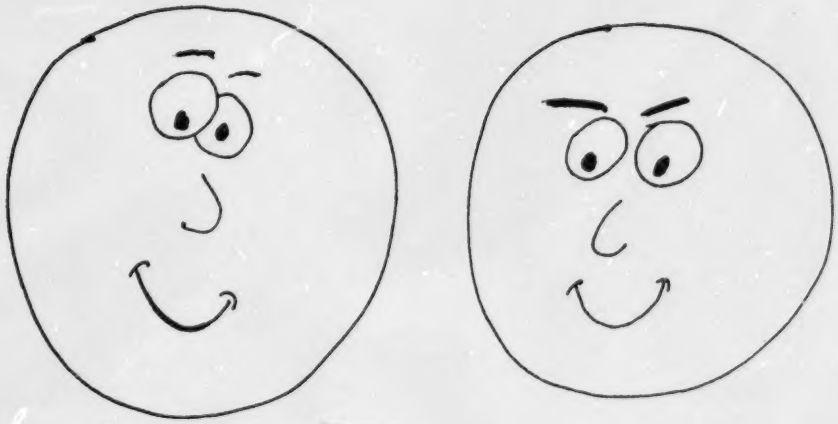
(1) On a separate sheet of paper, list the things you should consider when deciding how much life insurance should be purchased.

(2) On the same sheet of paper, answer this question:

On which family members should the major portion of the family's life insurance be placed and why?

When you finish, turn to page 37 and check your answers. Mark your Record Sheet. Then, ask your teacher for the Post-Test.

QUEST



NOW THAT YOU HAVE FINISHED THE POST-TEST, YOU MIGHT LIKE TO LEARN MORE ABOUT LIFE INSURANCE. QUEST ACTIVITIES WILL HELP YOU DO THAT. THESE ACTIVITIES ARE NOT REQUIRED. IF YOU DECIDE TO COMPLETE ANY OF THEM, SHOW YOUR PAPER TO YOUR TEACHER WHEN YOU FINISH. BE SURE TO MARK YOUR RECORD SHEET.

QUEST ACTIVITIES

1. Get a sample life insurance policy. Study the policy as to policy value (cash value), options, policy loans, or income settlement options. Write a one-page summary of the information you find on the subject you choose.

2. Explain in one paragraph the waiver of premiums rider, or the accidental death benefit rider on the enclosed policy.

3. Make a bulletin board illustrating the terms most commonly used in life insurance policies.

4. Create a comic strip around the theme, "Tips for Buying Life Insurance".

5. How did the life insurance business begin? Prepare a report on the early history of life insurance.

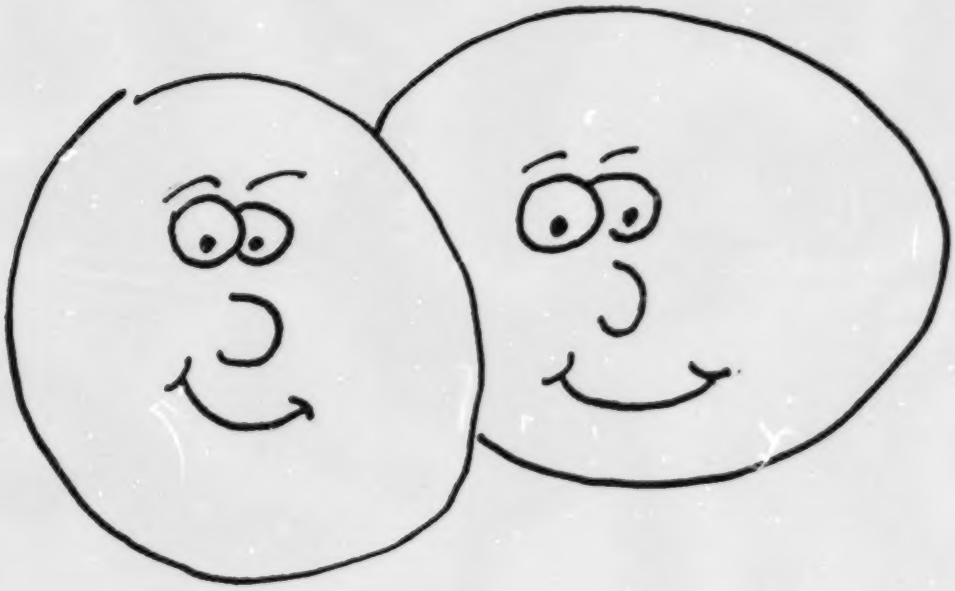
6. Life insurance premiums are sometimes higher for people who work at hazardous jobs. Consult an insurance agent to find the answers to these questions:

   (a) What jobs are considered hazardous?

   (b) How much more will the premium be on a policy for a person working in such an occupation that for the same person working a standard job?

7. Examine the enclosed application for life insurance. What questions were asked related to the proposed insured's health? What questions were asked related to other life insurance policies? What questions were asked that related to the person's work or hobbies?

Self-check Keys



Name _____ Date _____

SELF-CHECK
SECTION TWO

Life Insurance,
Who Needs It?

Complete the terms in the puzzle block below, then rearrange the missing letters to form the name of the largest insurance company in the United States.

O	R	D	I	N	A	R	Y
D	I	V	I	D	E	N	D
M	E	D	I	C	A	L	
C	H	E	A	P	E	R	
M	O	N	T	H	L	Y	
F	O	R	T	Y	T	W	O

1. Life insurance sold by agents on an individual basis is called _____ life.

2. Participating insurance policies cost more but they pay a _____ to the policyholder.

3. Group insurance may not require a _____ examination.

4. Group insurance is usually _____ than ordinary insurance of the same face amount.

5. Mary wants to purchase a $10,000 straight life policy. Her premium will be more expensive if she pays for it _____ instead of annually.

6. A life insurance policy will cost you less when you are twenty-three than if you wait until you are _____.

THE LARGEST INSURANCE COMPANY IN THE UNITED STATES IS

M	E	T	R	O	P	O	L	I	T	A	N

SELF-CHECK FOR SECTION 3

1. What things should you consider when deciding how much life insurance should be purchased?

   a. The amount of money needed to pay debts and final expenses.
   b. The amount of money needed by family to carry on without you.
   c. Age of children
   d. Wife's ability to earn a living.
   e. Addtional sources of income (Social Security, savings, investments).

2. On which family member should the major portion of the family's life insurance be placed and why?

   The major portion of the life insurance should be on the breadwinner, since this is the major income that would have to be replaced at the time of death.